



FEDERAL RESERVE SYSTEM

Agency Information Collection Activities: Announcement of Board Approval under Delegated Authority and Submission to OMB

AGENCY: Board of Governors of the Federal Reserve System.

SUMMARY: The Board of Governors of the Federal Reserve System (Board) is adopting a proposal to extend for three years, with revision, the Consolidated Holding Company Report of Equity Investments in Nonfinancial Companies and the Annual Report of Merchant Banking Investments Held for an Extended Period (FR Y-12 and FR Y-12A; OMB No. 7100-0300). The revisions to the FR Y-12 are applicable as of the March 31, 2019, reporting date, and the revisions to the FR Y-12A are applicable as of the December 31, 2019, reporting date.

FOR FURTHER INFORMATION CONTACT: Federal Reserve Board Clearance Officer – Nuha Elmaghrabi – Office of the Chief Data Officer, Board of Governors of the Federal Reserve System, Washington, DC, 20551, (202) 452-3829. Telecommunications Device for the Deaf (TDD) users may contact (202) 263-4869, Board of Governors of the Federal Reserve System, Washington, DC 20551.

OMB Desk Officer – Shagufta Ahmed – Office of Information and Regulatory Affairs, Office of Management and Budget, New Executive Office Building, Room 10235, 725 17th Street, N.W., Washington, DC 20503, or by fax to (202) 395-6974.

SUPPLEMENTARY INFORMATION: On June 15, 1984, the Office of Management and Budget (OMB) delegated to the Board authority under the Paperwork Reduction Act (PRA) to approve and assign OMB control numbers to collection of information requests and requirements conducted or sponsored by the Board. Board-approved collections of

information are incorporated into the official OMB inventory of currently approved collections of information. Copies of the Paperwork Reduction Act Submission, supporting statements and approved collection of information instrument(s) are placed into OMB's public docket files. The Board may not conduct or sponsor, and the respondent is not required to respond to, an information collection that has been extended, revised, or implemented on or after October 1, 1995, unless it displays a currently valid OMB control number.

Final Approval under OMB Delegated Authority of the Extension for Three Years, with Revision, of the Following Information Collection:

Report Title: Consolidated Holding Company Report of Equity Investments in Nonfinancial Companies, and Annual Report of Merchant Banking Investments Held for an Extended Period.

Agency form numbers: FR Y-12 and FR Y-12A.

OMB control number: 7100-0300.

Effective Dates: The revisions to the FR Y-12 are applicable as of the March 31, 2019, reporting date, and the revisions to the FR Y-12A are applicable as of the December 31, 2019, reporting date.

Frequency: FR Y-12, quarterly or semiannually based on the reporting threshold criteria; FR Y-12A, annually.

Respondents: FR Y-12: Bank holding companies (BHCs), savings and loan holding companies (SLHCs), and U.S. intermediate holding companies (IHCs). FR Y-12A:

financial holding companies (FHCs) that hold merchant banking investments that are approaching the end of the holding periods permissible under the Board's Regulation Y.¹

Number of respondents: FR Y-12, 27 quarterly and 5 semiannually; FR Y-12A, 439.

Estimated average hours per response: FR Y-12, 16.5 hours; FR Y-12A, 7.5 hours.

Estimated annual reporting hours: FR Y-12, 1,947 hours; FR Y-12A, 3,293 hours.

General description of report: The FR Y-12 collects information from certain domestic BHCs, SLHCs, and U.S. IHCs on their equity investments in nonfinancial companies.

Respondents report the FR Y-12 either quarterly or semiannually based on the criteria in the reports. The FR Y-12A is filed annually by FHCs that hold merchant banking investments that are approaching the end of the holding periods permissible under the Board's Regulation Y.

Legal authorization and confidentiality: The FR Y-12 and FR Y-12A are mandatory and are authorized to be collected from BHCs and FHCs pursuant to section 5(c) of the Bank Holding Company Act (BHC Act) (12 U.S.C. 1844(c)(1)(A)); from SLHCs pursuant to section 10(b)(2) of the Home Owners Loan Act (HOLA) (12 U.S.C. 1467a(b)(2)), as amended by section 369(8) of the Dodd-Frank Wall Street and Consumer Protection Act (Dodd-Frank Act); and from IHCs pursuant to section 5(c) of the BHC Act, (12 U.S.C. 1844(c)(1)(A)), as well as pursuant to sections 102(a)(1) and 165 of the Dodd-Frank Act, (12 U.S.C. 5311(a)(1) and 5365),² and the Board's Regulation YY, 12 CFR 252.153(b)(2).

¹ See 12 CFR 225.172(b)(4) and 225.173(c).

² Section 165(b)(2) of Title I of the Dodd-Frank Act, (12 U.S.C. 5365(b)(2)), refers to a "foreign-based bank holding company." Section 102(a)(1) of the Dodd-Frank Act, (12 U.S.C. 5311(a)(1)), defines "bank holding company" for purposes of Title I of the Dodd-Frank Act to include foreign banking organizations that are treated as bank holding companies under section 8(a) of the International Banking Act, (12 U.S.C. 3106(a)). The Board has required, pursuant to section 165(b)(1)(B)(iv) of the Dodd-Frank Act, (12 U.S.C. 5365(b)(1)(B)(iv)), certain of the foreign banking organizations that are subject to section 165 of the Dodd-

In addition, with respect to the FR Y-12A report, section 4(k)(7)(A) of the BHC Act, (12 U.S.C. 1843(k)(7)(A)), authorizes the Board and the Treasury Department to jointly develop implementing regulations governing merchant banking activities for purposes of section 4(k)(4)(H) of the BHC Act. Section 4(k)(4)(H) of the BHC Act, (12 U.S.C. 1843(k)(4)(H)), and subpart J of the Board's Regulation Y, (12 CFR 225.170 *et seq.*), authorize a BHC that has made an effective FHC election to acquire merchant banking investments that are not otherwise permissible for an FHC. Section 10(c)(2)(H) of the HOLA, as amended by section 606(b) of the Dodd-Frank Act, (12 U.S.C. 1467a(c)(2)(H)), and section 8(a) of the International Bank Act, (12 U.S.C. 3106(a)), extend certain authorities and requirements of the BHC Act to SLHCs and to foreign banks, respectively.

The Board does not consider information collected on the FR Y-12 report to be confidential, and the completed version of this report generally is made available to the public upon request. However, exemption 4 of the Freedom of Information Act (FOIA) provides an exemption from public disclosure for "trade secrets and commercial or financial information obtained from a person [that is] privileged or confidential." (5 U.S.C. 552(b)(4)). Thus, if a respondent feels that disclosure of confidential commercial or financial information on the FR Y-12 report is reasonably likely to result in substantial harm to its competitive position under exemption 4 of the FOIA, the respondent may

Frank Act to form U.S. IHCs. Accordingly, the parent foreign-based organization of a U.S. IHC is treated as a BHC for purposes of the BHC Act and section 165 of the Dodd-Frank Act. Because section 5(c) of the BHC Act authorizes the Board to require reports from subsidiaries of BHCs, section 5(c) provides additional authority to require U.S. IHCs to report the information contained in the FR Y-12 and FR Y-12A reports.

request confidential treatment for such information pursuant to the Board's Rules Regarding the Availability of Information, 12 CFR 261.15.

The Board generally considers the information collected on the FR Y-12A to be confidential under exemption 4 of the FOIA (5 U.S.C. 552(b)(4)). Information reported on the FR Y-12A is competitively sensitive and its release would likely result in substantial harm to the competitive position of an FHC or SLHC. In addition, if the FR Y-12A data is obtained as a part of an examination or supervision of a financial institution, this information may also be withheld pursuant to exemption 8 of the FOIA, which protects information contained in "examination, operating, or condition reports" obtained in the bank supervisory process (5 U.S.C. 552(b)(8)).

Current actions: On November 5, 2018, the Board invited comment on a proposal³ to extend for three years, with revision, the FR Y-12 and FR Y-12A. The Board proposed to revise the FR Y-12 by requiring that dollar values be reported in thousands instead of millions, and by no longer requiring firms to report the fax number of the person to be contacted regarding a report submission. The Board proposed the following revisions to the FR Y-12A: (1) requiring that dollar values be reported in thousands instead of millions, (2) adding an item for the holding period expiration date of the covered investment, (3) expanding the scope of the item where a respondent indicates its plan and schedule for disposition of its covered investment, (4) clarifying that the top-tier FHC should be the filer for each submitted report, (5) adding an item for the RSSD ID⁴ of the direct holder of the covered investment, (6) clarifying that an FHC must continue to file the report until it ceases to hold the covered investment, (7) no longer requiring firms to

³ See 83 Fed. Reg. 55366 (November 5, 2018).

⁴ An RSSD ID is a unique identifier assigned to institutions by the Federal Reserve.

report the fax number of the person to be contacted regarding a report submission, and (8) making minor clarifications throughout the instructions.

Detailed Discussion of Public Comments: The commenter supported the collection of supervisory information through the FR Y-12 and FR Y-12A reports and did not contest the accuracy of the burden estimate. In addition, the commenter made three recommendations. The first recommendation was that the collected information should be notarized. Since the FR Y-12 and FR Y-12A currently require an attestation of truthfulness and accuracy by an executive officer, the Board believes this obviates the need for notarization. The second recommendation was to use a website for submissions to minimize burden. The Board currently allows submission of the FR Y-12 and FR Y-12A by mail or electronically via the Federal Reserve System's Reporting Central application, so the Board does not believe an additional electronic submission mechanism is necessary. The third recommendation was to ensure that respondents are aware of exactly which information must be reported, and the reasons that this information is required. Board staff has strived to draft instructions for the FR Y-12 and FR Y-12A reports that are as clear as possible and will continue to explore ways to increase the clarity of those instructions. The Board's public OMB supporting statements and *Federal Register* notices regarding the FR Y-12 and FR Y-12A reports explain that the information collected by the reports is necessary for the Board to carry out its responsibilities of supervising holding companies and maintaining U.S. financial stability.

The revisions to the FR Y-12 and FR Y-12A will be implemented as proposed.

Board of Governors of the Federal Reserve System, February 26, 2019.

Michele Taylor Fennell,

Assistant Secretary of the Board.

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